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 CENTRAL INTELLIGENCE AGENCY
 INFORMATION REPORT

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50X1-HUM

COUNTRY China

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SUBJECT CTII Attempts to Obtain Raw Cotton

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1. eight Tsingtao mills of China Textile Industries Incorporated (CTII) had to close because of the lack of raw cotton. Mill employees, who are receiving half-pay until the mills reopen, are obliged to attend political meetings in residential areas but are not forced to appear at the factories.
2. A group* has gone to Taiwan to explore the possibility of obtaining the raw cotton crop, which is expected to be ready by December, and to look over the growing area.
3. Another group* is going to consult with CTII mill officials in Manchuria and investigate the procurement of raw cotton with the idea of procuring raw cotton resources in the future. They will also arrange for shipments of coal from the Fushun mines to Tsingtao, going by rail to Dairen and from there by ship. At the present time coal arriving in Tsingtao from Kweichow, Shantung, is sold to the mills for a price equal to US \$42 a ton, which is too high.
4. The group going to Manchuria will also attempt to arrange for supplies of Manchurian exportable products for the purpose of buying raw cotton abroad.
5. The Tsingtao power plant is barely operating on coal received from Peking. It is foreseen that factories and households will have little chance of obtaining coal during the winter months.

Comment. Apparently this is a group of CTII officials.

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